



# **ANNUAL REPORT**

**2015/16**

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## **Section 01: Introduction & organisational overview**

### **1. 2015/16 Highlights**

#### **i. Service delivery & infrastructure development**

- An amount of over R600 million, since inception in 2004, was spent on direct infrastructure and urban environmental upgrades, resulting in significant, tangible expressions of the work done, a strong accumulated track record and a powerful economic impact in terms of Gross Domestic Product (GDP), employment creation and a response from the private sector.
- The R38-million upgrade of the Tramways Building saw a catalyst for development in the Baakens Valley and has already led to a number of private sector investments in buildings that had been derelict since the middle of the 1990's.
- The exponential upward trend of work done in Helenvale with the €5-million grant from the KfW Bank (German Development Bank) saw not only infrastructure work completed in Helenvale, but also projects that concentrate on safety and peace through urban upgrading in Helenvale. The 2015/2016 financial year also saw progress in terms of planning with projects such as Telkom Park, Vuyisili Mini and surrounds and Bayworld.
- Cooperation with Transnet in the completion of the port/marina Master Plan.
- The signing of the service delivery agreement with the Department of Sport Recreation Arts and Culture outlining the mandate to the MBDA for the redevelopment of Bayworld.
- Purchase of St Peters land in the Baakens River Valley, which has zoning rights for residential, a place of worship and hotel facilities.

#### **ii. Operations & Local Economic Development**

- Private sector investment have increased, and that is based on the results of the MBDA's annual Economic Barometer that shows the impact on GDP, improved local business income, generation of rates and rising property values and private sector investment in response to public sector investment.
- The MBDA continues with its maintenance programme in designated areas. All maintenance targets were met on time and procurement followed stringent supply chain processes.
- Implementation of the final stage of the Mobile Parking Meter Plan which will be introduced in selected areas of the Central Business District (CBD), auctioning a number of objectives, such as the revenue streams, training of illegal parking attendants, increased security and proper regulation of parking in areas that have grown in visitation over the last five years.
- Successes were achieved with the on-going regulation of informal trading and in supporting traders to become micro-enterprises as well as a continuation of the "Go Green" recycling initiatives in designated areas.

- Continued growth in the success of the City's first Special Ratings Area (SRA) in Richmond Hill. This SRA is operating well and property owners have established a non-profit company, which has started receiving special rates and levies via the NMBM municipal account. These funds will be used for the improvement of the Richmond Hill area.
- The establishment of a SRA in Central to continue the successes achieved in Richmond Hill is in progress.
- The establishment of a renewed security presence in the MBDA upgraded urban areas and also the introduction of a Canine Unit. As a result, crime has dropped significantly.
- During the period under review, the MBDA continued to deliver security, cleaning, maintenance, and informal trading regulation and management services to completed MBDA projects in several key operational areas in the Port Elizabeth and Uitenhage CBD's, resulting in increased levels of residential and business confidence.

### **iii Good governance, financial & management**

- The MBDA received a clean audit for the 2012/13, 2013/14 and 2014/2015 financial years – an achievement indicative of the strong governance and financial management in place.
- During the 2015/2016 period, the staff complement within the MBDA grew by 7 employees, in proportion with growth in the organisation and its prospects.

### **iv Corporate social investment (CSI) and Sponsorship**

- The MBDA has a board approved CSI Policy and budgets to spend this in deserving areas.
- The MBDA supports community and tourism related events, and invested in excess of R800 000 in sponsorships of events and also engaging people with emerging products.
- Although the MBDA has established a strong project management house and infrastructure role, it also realised that softer initiatives are important once a project is completed. The MBDA CSI initiatives underpin and sustain the infrastructure investments leading to effective activation and later on utilization of these tourism real estate assets.

### **v Township development**

- The MBDA has slowly increased its footprint in township areas, which has culminated in a number of projects in four townships. These townships are New Brighton, Helenvale, Schauderville/Korsten and Veeplaas.
- The MBDA believes that the urban renewal recipe followed in the CBD and beachfront areas can also be applied in township areas to ensure that catalytic, well participated, well researched infrastructure projects can lead to private sector investment.
- Procurement of emerging contractors in township areas presents an opportunity for the MBDA to further develop the small, micro and medium size enterprises and ensure that local people participate in local projects.

- The Singapi Street environmental upgrade is a case in point where the MBDA worked closely with the Ward Councillor and with the respective community leaders in selecting emerging contractors to participate in the MBDA's R40 million upgrade.

#### **vi. Marketing, Communications and Stakeholder management**

The year 2015-2016 has been both an exciting and challenging year for brand Mandela Bay Development Agency. The first half of the year was dominated by the exciting move from rented offices to the newly built and redeveloped Tramways building. This City asset which was left decaying for many years got a new lease of life when the MBDA earmarked it as part of the Baakens Valley redevelopment. Marketing and Communications has been instrumental in positioning this move as strategic investments into a new economic node for the City. The latter part of the period unfortunately was dominated by a sustained period of negative publicity. The marketing and communications team, working with the rest of management implemented a reputation building campaign that resulted in a significant shift in sentiment, from negative to neutral and eventually positive.

Marketing and Communication in the MBDA's context has the responsibility to manage and promote a good image of the organisation, its projects and initiatives as well as market and activate development notes through promotions, events, advertising, public relations and stakeholder engagements. The marketing unit's secondary role is to act as a service support department, assisting and implementing activities for or on behalf of the various divisions or departments within the MBDA and the Nelson Mandela Bay Municipality.

## **2. Chairperson's Report**

The MBDA was established in 2003 as a wholly owned municipal entity. The primary objective of the MBDA initially was to promote economic development in its mandate area to reverse urban decay and once again attract investment into the CBD and beachfront area. In the 12 years of the existence of the MBDA, the CBD is now showing positive signs of transformation and private sector investment growth.

At the beginning of 2000, this historic inner city was well regarded as a 'no go' area for businesses and tourists alike and for an economic hub of its size, the importance of the inner city was short of facilities for attractions and events, and a downward spiral of the city, it had a negative effect on the rates base of the NMBM. Through the volatile nature of the motor manufacturing sector, it often happened that parts of North End, particularly warehouses became completely defunct, and the City was often called the "Ghost of the Coast" or the "Armpit of South Africa". It is quite clear that anyone's estimation that those references have changed completely and Nelson Mandela Bay is now referred to as the "City of Possibilities".

The NMBM was faced with immense developmental challenges, further impacted by severe financial constraints, and it was a clear situation where no one gave Nelson Mandela Bay any chance for revival. To instil confidence in the inner city, the NMBM acted pro-actively through the vision of its city fathers, to find pro-active ways to invest in the CBD, and urban renewal thus becoming an important development strategy. The MBDA always had a good plan in place, although through market changes the plan evolved and grew over time. It is important to note though that the Agency believes that public sector investment, that has the backdrop of effective market assessments through public participation, is a breeding ground for private sector investment, and this end in mind is clear to be seen now in the CBD, beachfront and central urban upgrades.

Investment in the inner city has exponentially grown and the new face of the City is one of arts, culture and heritage, and is beginning to make an impact on local, national and international investors. Nelson Mandela Bay, and in particular the CBD, is beginning to reposition itself as a historic and cultural hub, with heritage buildings playing its part in this process.

A good master plan is one that works, and although bricks and mortar, through infrastructure projects investment, play a big role in the effective implementation of the master plan, it is also important to incorporate softer issues such as art, heritage, culture, special rating areas, good security and cleansing in upgraded areas to restore business confidence. The MBDA is not only a project management house; it has also become a social transformation agent. The MBDA has played a critical role in facilitating and investing in the transformation of Nelson Mandela Bay. Many of the landmark initiatives and buildings that characterise a new Nelson Mandela Bay, is a stark reminder to transform the CBD. The upgrade of Kings Beach and the Tramways Building are further elements in the transformation of former derelict areas. The Tramways Building is not only an investment

into a building, but an investment in to a complete new node and a new lease on life for the Baakens Valley. These and other projects are testament to the MBDA and its team.

It also needs to be stated that the biggest portion of the MBDA's capital budget is now spent on township areas. Four townships were identified as key focus areas over the next five years, i.e. Veeplaas, New Brighton, Helenvale and Schauderville/Korsten. These townships were carefully selected, for example, New Brighton offers infrastructure development against the backdrop of a strong struggle history, arts and culture, whereas Helenvale must be amongst the most deprived, crime ridden townships in South Africa. Any effort to transform Helenvale will show that other townships can go through a similar process.

The achievements of the MBDA over the past twelve years are best seen through the increase in the levels of entertainment, tourism and leisure in the upgraded areas. These changes are measured annually in economic impact terms and it is clear that these projects are increasing private sector in the relevant areas.

The MBDA does not work alone though. Companies of this nature must be in strong partnerships with various public and private companies, as well as the City Fathers, who are the owners of the MBDA. It has forged important relationships in the broader community out there, not only on a political level, but also on a social, economic and financial level. It has helped to develop areas, not only through infrastructure investment, but also greener, friendlier and historic conscious areas which had been achieved on a relatively low budget, resulting in a high impact.

In taking Nelson Mandela Bay to its status goal of becoming a competitive city, both nationally and internationally, good examples of urban renewal will have to be replicated, expanded and sustained and other obstacles will have to be overcome. The NMBM is therefore fortunate to have at its disposal, a team of experienced, skilled and committed development practitioners within the MBDA.

It is also important for the MBDA to raise the bar of its work. Projects such as Bayworld and Telkom/Happy Valley are examples of such bigger capital projects that will raise the bar to truly international capital projects that can build the tourism real estate in the city, a sector which shows great room for improvement and also becoming one of the cornerstones of economy of Nelson Mandela Bay. At the moment the economy of Nelson Mandela Bay is very much based on motor manufacturing and a more diverse economy, based on a number of sectors such as manufacturing and tourism real estate, will provide the national and international competitive edge.

As any other organisation, this company also have key challenges, and these challenges are often around the risk of political interference and instability, and sourcing of funding through the NMBM and other sources, building a stronger network of stakeholder relationships, as well as branding the work of the Agency to further create a positive effect of private sector investment.

One cannot end of by not thanking the NMBM's political and administrative leadership, a dedicated Board of Directors and the employees of the MBDA that committedly and enthusiastically dealt with the wide array of stakeholders to build the performance base of the MBDA.

National Treasury regards the MBDA as one of South Africa's most effectively run development agencies and it will be unwise for the City to not create the room for the MBDA to use its experience and skills to raise the levels of the economy through conceptualisation and implementation of catalytic projects.

**MOTSE MFULENI**  
**CHAIRPERSON**



### **3. Chief Executive's Report**

The 2015/16 financial year has been a turbulent year in the history of the MBDA. After a number of years of stability, the soured relationship between the Board of Directors and NMBM have led to instability that not only impacted on the progress of MBDA projects, but also on the morale of the staff.

The 2015/16 financial year also marked a period of serious financial constraints and it became clear that the MBDA needed to work more smartly within its budget allocation and also raise external funding for the conceptualisation and implementation of its projects. Projects such as Telkom Park/Happy Valley are unlikely to get any funding from the NMBM, and the cost of bulk infrastructure for example might need to be covered by external sources to allow private sector driven approach in residential, retail and office development.

The MBDA continued with its public environment upgrading projects in the inner city which are all contributing to the MBDA's urban renewal infrastructure development "puzzle".

It is encouraging to note that the response of the private sector to the MBDA's public sector investment is positively based on market research as well as reciprocal private sector investment. The public investment of the MBDA into the Donkin Reserve and resulting infrastructure investment from the private sector in particularly office and residential in the surrounding areas, are exactly the response that the MBDA requires.

Urban renewal initiatives such as cleansing and security are also making a collective impact and the ordinary man on the street can hopefully also see that the MBDA believes that there is a major improvement emerging from the prior years of deep and acute urban decay.

Within its limited budget, the MBDA took a giant leap towards becoming a viable, effective project management house in fulfilling key functions on behalf of the NMBM, namely, the doer, supporter and promoter of various key projects and initiatives.

It is also important to realise that the MBDA's work is not only about bricks and mortar, but also of being a change and transformation agent. The Agency has explored a number of avenues to use culture and heritage as key features to upgrade decayed urban areas. The upgrade of the Tramways Building and the impact it has on the future recycling of buildings in the Baakens Valley into different uses within the residential, retail and office space will also be a critical success factor for the future.

In a world of rapid change, particularly in response to the present economic recession, the MBDA's strategic objectives are unyielding, which is to increase the impact of its projects through increased employment, GDP and the City's rates and revenue base.

There is a key focus in mind, and that is that if public sector investment does not lead to private sector investment, the efforts of the MBDA in the CBD and townships will not be effective. The extended mandate added another dimension to the MBDA's work. Although we believe that urban renewal in the CBD is not much different to urban renewal in

township areas, the extent of public participation and the involvement of the communities are paramount in taking these projects forward.

The presently completed Singaphi Street is a case in point, where the participation of the community and their ideas of what the area should look like were the crux and main guidance for the eventual drawings of the architectural team.

The trust that KfW Bank has in the MBDA to manage the deployment of the €5-million is a further feather in the cap for the MBDA. The Safety & Peace through Urban Upgrading (SPUU) Master Plan is a unique plan, as it does not only address urban infrastructure, but also softer projects that can socially transform a very derelict and deprived township.

It has become increasingly important for the MBDA to position itself in the marketplace, as not only a change agent in traditionally city areas, but also township areas. The Agency is therefore revisiting its current marketing efforts to a much more pro-active and strategic branding exercise, where measures are being put in place to increase the urban renewal efforts of the MBDA from a national and international perspective.

As the work of the MBDA exponentially grew, it also became clear that the MBDA's present stakeholder networking strategy with the management and Board needs to be reviewed as it will be urgent to have a more effective networking approach. Such a stakeholder network process will entail a number of stakeholders and institutions to enable the MBDA to raise its work to a much higher level.

The MBDA works very well with the NMBM and is appreciative of its support. Without this support, the MBDA would not have been able to deliver in its projects the way it did. It is important to note though that every project of the MBDA must make political, social and economic sense, and one can only achieve this objective through the creation of understanding amongst the respective stakeholders through continuous public participation and a "bottom up" approach.

Urban renewal is often understood as aesthetically pleasing, and making places beautiful. It needs to be stressed though that the MBDA's urban renewal programme has a very strong economic and social objective. Every project needs to speak to the demands and needs of the community. The year 2016/17 is seen as a year of "changing the gears" of the MBDA to a much higher level. It is a company that prides itself in its ability to engage in effective dialogue and this dialogue needs to be increased and find its way in the conceptualisation and implementation of projects. The MBDA also needs to ensure that the mandate needs to expand continuously to include other strategic projects and developing nodes of Nelson Mandela Bay, particularly in township areas involving emerging contractors and attracting people into the mainstream economy. This should be one of the key objectives of any development agency and at the MBDA it most certainly is the case.

**PIERRE VOGES**  
**CHIEF EXECUTIVE OFFICER**

## **MBDA Overview: Vision, mission, values and objectives**

### **Vision**

The establishment of world-class, well-managed, sustainable and vibrant urban places in Nelson Mandela Bay.

### **Mission**

To revitalise and promote designated, sustainable urban places, in partnership with the NMBM, to the benefit of the whole community.

### **Values**

- **Socio-economic development:** We must be an agent of positive social and economic change.
- **Inclusivity:** We strive to understand and meet the needs of our diverse stakeholders.
- **Value for money:** We aim to deliver value on public expenditure and real returns for our stakeholders.
- **Integrity:** We act with openness, transparency and respect.
- **Accountability:** We take responsibility for our decisions and use of our resources.
- **Collaboration:** We work as a team and build partnerships as part of a wider team serving the city.
- **Excellence:** We continually seek ways to raise our standards.
- **Innovation:** We are open to new ideas and welcome our ideas being challenged.
- **Sustainability:** Everything we do makes optimal use of resources and has a lasting, positive impact.

### **Strategic Objectives**

To realise the vision, the regional economic strategy focuses on eight strategic objectives which address urban renewal in the mandate area:

- **Public participation:** Engaging effectively with stakeholders and partners in order to foster understanding, buy-in and shared delivery of urban renewal.
- **Key services:** Promoting, facilitating and managing the basics of security, cleansing and regulatory compliance to strengthen public and investor confidence.
- **Turnaround potential:** Implementing catalytic capital projects in designated urban places as a stimulus for private sector investment.
- **Promotion of heritage, arts and culture as an economic growth tool:** Promoting opportunities for heritage conservation and management, while simultaneously creating markets for the city's cultural industry to forge a unique identity for the place and its people.
- **Promotion of products:** Marketing the area as a first choice destination to live, work and play.
- **Corporate values:** Being an effective, accountable, learning, creative and caring organisation, respected by staff and stakeholders.
- **Balance:** Managing the area for environmental sustainability.
- **Growth:** Facilitating social and economic opportunities in all projects and activities in order to contribute to economic inclusion and growth.

## **Section 02: Governance**

### **1. Mandate**

The MBDA was conceptualised by the Nelson Mandela Bay Municipality (NMBM) and the Industrial Development Corporation (IDC) and is a wholly-owned entity of the NMBM. It was created in 2003 following an acknowledgement by the city's leadership of the urgent need to reverse a trend towards urban decay in the inner city, to drive urban regeneration in the Nelson Mandela Bay CBD and other designated areas. –.

Since then, the mandate area has been expanded to include a number of key township projects, with the aim of transforming urban spaces to activate economic activity, create job opportunities and reshape urban development.

The CBD, however, remains critically important to the NMBM as one of the main contributors to the city's rates base. Disinvestment from the inner city would mean reduced revenue streams and limited growth for Nelson Mandela Bay. Moreover, vacant city centres scare off investment and constrain the city's ability to become competitive on national and global levels. Investment attraction is now no longer focused on mega-industries, but on developing scalable and diverse industries, inclusive of the cultural and creative industries (CCI) and knowledge economies, for greater economic security.

Informed by an overall philosophy that cities and their CBDs are the engines of growth in a region, the NMBM undertook firm measures to establish a special purpose vehicle (SPV) to drive development through catalytic infrastructure and capital projects that would, in turn, stimulate private sector (re)investment. The MBDA's overall role is not only that of promoter and supporter, but also of 'doer'. The Agency's mandate has widened over the years and now encompasses urban renewal in township areas, the beachfront, the NMB Stadium precinct and Uitenhage.

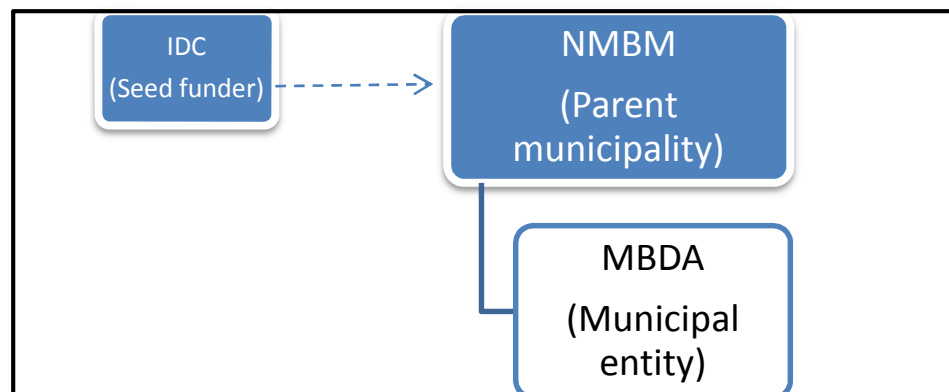
As a municipal entity, the MBDA is governed primarily by the Municipal Systems Act 32 of 2000, the Municipal Finance Management Act 56 of 2000 and the Companies Act No 71 of 2008. It operates under a specific, approved mandate document, which outlines a focused approach to be followed in respect of services provided, catalytic infrastructure projects and liaison with other parastatals and government departments in order to create a conducive investment environment in its mandate areas. With this in mind, the NMBM also has a Service Delivery Agreement (SDA) with the MBDA that is reviewed every three years and which formalises and governs the relationship between the two entities..

## 2. Structures

### i. Political governance structure

#### ***Ownership and control***

The MBDA was established as a municipal entity in 2003 as a joint initiative of the NMBM and the IDC. It is wholly owned by the NMBM.



The MBDA, represented by its Board of Directors, receives its mandate from the NMBM, acting through the Executive Mayor, the City Manager and the NMB Metropolitan Council. The Agency is contractually accountable to the NMBM, to which it delivers compliance reporting in respect of its key performance indicator (KPI) targets being achieved. The MBDA relies on the NMBM for service delivery direction in terms of its contractual obligations contained in the SDA, and on the political dispensation for its political mandate.

As controlling shareholder, the NMBM provides corporate governance-related support, such as sustainability and compliance reporting and review. The MBDA Board is responsible for providing strategic direction and guidance to management as well as ensuring oversight on corporate governance matters. The MBDA management is responsible for operational aspects in line with the strategic planning and mandate documents of the Agency as well as the Integrated Development Plan (IDP) of its parent municipality.

### ii. Administrative governance structure

#### ***Board of Directors***

The Board provides operational oversight to ensure that the MBDA reaches its objectives and delivers on its mandate.

#### **Board of Directors**

Motse Mfuleni (Chairperson)	Appointed to the Board: September 2014 – Resigned 20 June 2016
Luvuyo Bono	Appointed to the Board: September 2014 - Resigned 22 June 2016
Baphелеle Mhlaba	Appointed to the Board: September 2014 – Resigned 04 April 2016
Kasaven Govender	Appointed to the Board: September 2014 – Resigned 04 April 2016

Khulile Nzo	Appointed to the Board: September 2014 – Resigned 04 April 2016
Mcedisi Sitoto	Appointed to the Board: September 2014 – Resigned 04 April 2016
Melikhaya Gosani	Appointed to the Board: September 2014 – Resigned 22 June 2016
Monde Ngonyama	Appointed to the Board: September 2014 – Resigned 22 June 2016
Samkelo Dlulane	Appointed to the Board: September 2014 – Resigned 22 June 2016
Vuyo Zitumane	Appointed to the Board: September 2014 – Resigned 11 February 2016
Nomaliso Mandaba	Appointed to the Board: September 2014 – Resigned 04 April 2016

### **Board as at 30 June 2016**

Mputumi William Goduka (Chairperson)	Appointed to the Board: 21 April 2016
Derrick Swartz	Appointed to the Board: 21 April 2016
Nomhle Tys	Appointed to the Board: 21 April 2016
Kasaven Govender	Appointed to the Board: 21 April 2016
Adrian Gardiner	Appointed to the Board: 21 April 2016
Rojie Kisten	Appointed to the Board: 21 April 2016
Khulile Nzo	Appointed to the Board: 21 April 2016
Bongani Gxilishe	Appointed to the Board: 21 April 2016
Rajesh Dana	Appointed to the Board: 21 April 2016
Sithole Mbanga	Appointed to the Board: 21 April 2016
Marsla Odayar	Appointed to the Board: 21 April 2016

### **Audit Committee**

Kevin Pather	Chairperson and independent member ( Resigned 21 September 2015)
Vuyo Zitumane	Board member ( Resigned 11 February 2016)
Stephen Nel	Independent member
Ronnie Ortlieb	Independent member ( deceased 17 February 2016 )

### **Human Resources and Remuneration Committee**

Luvuyo Bono (Chairperson)  
Mcedisi Sitoto  
Melikhaya Gosani  
Nomaliso Mandaba

### **EXCO**

Motse Mfuleni (Chairperson)  
Baphelele Mhlaba  
Kasaven Govender  
Monde Ngonyama  
Samkelo Dlulane  
Khulile Nzo

***Executive Management***

Pierre Voges: Chief Executive Officer

Ashwin Daya: Chief Financial Officer

Dorelle Sapere: Planning and Development Manager: Inner city and special projects

Eldrid Uithaler: Planning and Development Manager: Township projects

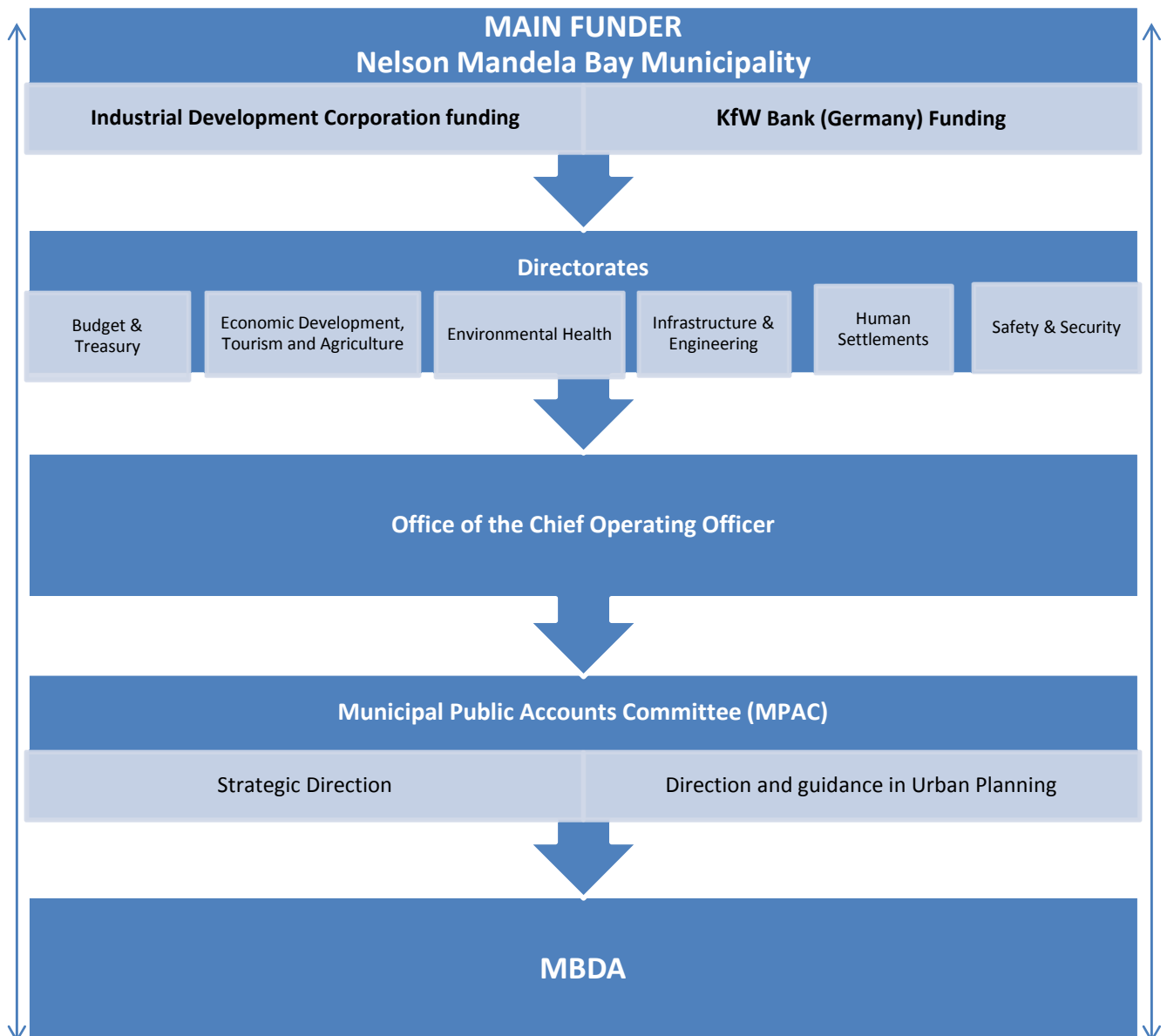
Mcebisi Ncalu: Operations Manager

Luvuyo Bangazi: Marketing and Communications Manager

**3. Inter-governmental relations*****Government stakeholders and engagements***

The MBDA regularly interacts with key NMBM directorates, namely Economic Development, Tourism and Agriculture; Human Settlements; Budget and Treasury; Environmental Health; Infrastructure and Engineering; and Safety and Security.

The MBDA coordinates its area-based developments and other catalytic interventions with the NMBM. In addition, the MBDA engages with client departments that take ownership upon completion of infrastructure and assets created by the MBDA, particularly the Infrastructure and Engineering Directorate. The diagram below represents MBDA stakeholder engagement linkages with the NMBM.



#### 4. Public accountability & participation

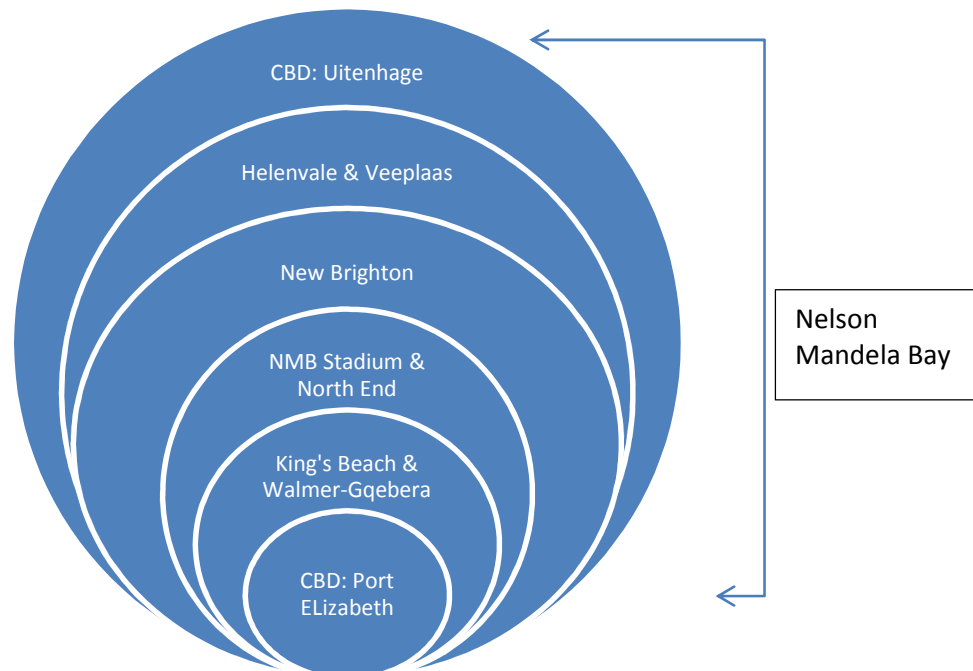
All MBDA projects follow an in-depth public participation process, particularly in the master plan and design phases but also, with increasing regularity, throughout the construction process. The Agency collaborates with key stakeholders in order to meet project design and implementation goals. Designs are finalised only after consideration of various inputs received and recorded through public participation processes. MBDA management further ensures that final designs and project concepts are in line with the Agency's mandate and strategic plan, as well as the IDP of its parent municipality. Moreover, the MBDA is in constant conversation with various communities within its mandate areas and maintains a people-centred approach to its development methodology. Perception surveys are performed periodically in order to gauge public sentiment and ensure that the MBDA always has the public's interests at the centre of its initiatives.



## 5. Corporate profile & governance

### i. Corporate profile

The MBDA stimulates, facilitates and supports area-based urban renewal initiatives throughout Nelson Mandela Bay. It is an entity wholly-owned by the NMBM. The Agency's mandate areas are: the Port Elizabeth CBD and its linkages with the Port of Port Elizabeth and King's Beach, as well as the NMB Stadium precinct and North End, Uitenhage, and the township areas of Helenvale, New Brighton, Veeplaas and Walmer-Gqebera.



**Figure 1: From CBD to CBD – the concentric approach to urban renewal linking two major urban nodes in the Nelson Mandela Bay Municipality.**

### HISTORY

The MBDA came into being at a critical point in the history of Nelson Mandela Bay, when urban decay in the CBD had led to a decline in occupancy and interest in real estate investment – a downward trend which had begun to impact negatively on the municipal rates base.

The Strategic Spatial Implementation Framework (SSIF) of the MBDA was developed in 2006 as a point of departure for reversing socio-economic decline in the Agency's mandate area. The SSIF established the MBDA's long-term vision and strategy, and was accepted by the NMBM Council as the blueprint for economic development and urban renewal in the mandate area.

## **PURPOSE & STRATEGY**

As an agent of the NMBM, the MBDA's work supports achievement of the goals in the IDP that were drawn up by the municipality for development of the city as a whole. The SSIF, and the five-year strategic plan derived from it, thus corresponds to the urban renewal, urban management and development planning sectors of the IDP.

The MBDA's five-year strategic plan charts the Agency's medium- to long-term strategic course. It is periodically reviewed to take into account and respond to prevailing local and global economic and political conditions. Drawing on the long-term vision of the SSIF, the five-year plan outlines development priorities and strategies, and is accompanied by Key Performance Indicators (KPIs) that set out short- to medium-term objectives and programmes that will ensure sustained progress towards achieving the MBDA's vision.

## **GROWTH STRATEGY**

The MBDA has accumulated a successful track record through the implementation of projects that have consistently achieved the goals of spurring socio-economic transformation, improving public confidence, and positively influencing private sector real estate and corporate investor decisions.

The increased enthusiasm of the private sector continues to present an opportunity for the MBDA. The Agency endeavours to encourage partnerships and involve corporate and private investors, public sector funders, and provincial and national governments in those capital project developments that stimulate private sector investment response. The MBDA was established expressly for facilitating such developments and encouraging private sector confidence and investment. Its cumulative and growing experience in the types of developments it conceptualises, implements and manages, represents a significant asset for the NMBM.

Moreover, the MBDA has partnered with various private sector businesses to collaborate on corporate social investment initiatives that also leave a lasting impact on communities. During the 2015/16 period the MBDA continued to deliver on its vision under the SSIF. It will also expand on and enhance its competence in meeting the urban renewal needs of the greater Nelson Mandela Bay area. In growing its influence, the MBDA will widen its focus into new mandate areas, concentrate on deepening the lasting economic and social impacts of its work, and ensure that projects are economically and environmentally sustainable.

## **COMPETENCIES**

As a development vehicle, the MBDA coordinates and manages capital investment projects and related initiatives such as cleansing, security and the regulation of informal trading, in partnership with public and private sector stakeholders. In particular, the MBDA has gained significant experience in the following aspects:

- Inner city urban renewal – rejuvenation and development of decayed areas
- A 'bottom up', concept-to-completion approach that involves affected communities in determining the outcome of development projects and the maintenance of developed infrastructure

- Project management and coordination of diverse teams of consultants, contractors and service providers
- Regeneration of historically marginalised areas
- Establishment of a particular brand of urban planning and renewal, with strong emphasis on public participation.

Other than being an implementing agent for the NMBM – with a particular emphasis on urban renewal – the MBDA has also become a key transformation agent in Nelson Mandela Bay, thanks to its strong social approach.

## **ii. Governance**

The MBDA endeavours to ensure that the essentials of good governance are in place to facilitate smooth operation. These elements include risk management, anti-corruption initiatives, secure supply chain management, a digital presence for engagement and communications, and compliance with relevant legislation and by-laws.

In terms of risk management, the Agency has undertaken a risk review process and has compiled a risk register that is reviewed on a quarterly basis. This register is also tabled at board, audit and risk committee meetings for discussion and appropriate action where necessary. A board-approved fraud and corruption policy has also been implemented by the Agency with ongoing monitoring and evaluation checks and balances in place.

The Agency applies strict and sound supply chain management policies and procedures to ensure that this critical business process is fully adhered to in an effective and efficient manner in respect of its various projects. The Agency's supply chain management policy is based on the policy of its parent municipality, which in turn, is based on the National Treasury model policy. Compliance with this is mandatory and necessary to ensure processes are legitimate and fair.

Municipal by-laws indirectly affect the entire city. However, besides matters relating to informal traders, security and cleansing plan initiatives of the Agency, municipal by-laws as such do not directly impact the Agency's projects. The MBDA reports to the parent municipality's Economic Development, Tourism & Agriculture (EDTA) portfolio committee (as outlined above) on the progress of its various urban renewal projects. It also falls under the jurisdiction of the NMBM Municipal Public Accounts committee (MPAC) as well as the NMBM's Budget Performance Monitoring Forum.

The Agency has its own website, which reflects the various activities in which it engages, records site visitor activity and publishes requests for proposals and tender announcements. In effect, the website is one of the MBDA's major tools for transparency and accountability, as well as effective communication.

Public satisfaction is measured in the form of various informal and formal surveys, which highlight emergent trends in public and stakeholder perception of the MBDA's urban renewal initiatives.

## **Section 03: Service Delivery Performance**

Overall, the MBDA has facilitated and invested in excess of R600-million in direct infrastructure upgrades to date – a bold show of confidence in the city’s potential, and one that has yielded the desired result of increasing private sector investment, particularly in areas where projects are now completed.

### **1. Planning and Development: Inner City & Special Projects**

#### **Tramways Building**

The MBDA has moved into its new office premises in the Tramways building. Work on the building has been completed and it is fast becoming a hub of activity within the Baakens River precinct. The building is also home to the Wilderness Academy’s Youth Development programme, which has a regular new intake of students, as well as numerous events held in the upgraded halls where trams were once repaired. The redevelopment of the derelict heritage building has encouraged investors to invest in the Baakens Valley precinct as a trendy new destination for creatives and light industry. The new fenced parking area provides ample parking for visitors and staff and encourages the building to be used at night, enabling a night time economy to grow in the area. The precinct has been completed with garaging for the MBDA, an art piece developed by entrepreneurial welders and beautiful indigenous gardens. A very popular market is held in the building twice a month and attracts up to 3000 people to the area. Old windows and timber from the original building has been salvaged and turned into additional furniture, which allows the history of the building to live on.

#### **Singaphi Street**

The second phase of Singaphi Street, the gateway to the Red Location Museum, has been completed during this financial period. Work has comprised the completion of the Road from Sandla Street to 7<sup>th</sup> Street, completion of kerbs, sidewalk and landscaping, including a netball court as per designs developed by the community and realised through the Workplace Consortium. Extensive soil drains and layer work was required to manage storm water runoff in the area. The objective is to develop a unique precinct and potential economic node, which can support the creative economy rooted in art, culture and heritage of the area.

#### **Campanile Building**

The first phase of work on the Campanile Building commenced during the year. Over time the structure of the building had begun to show serious wear and tear. The cradle holding 23 bells had rusted very badly and the concrete slab below the bells had begun to spall. Erosion within the brickwork was extensive and the mechanism for both bells and clock

were not functioning adequately. During the first phase, the 23 bells were removed by crane, in a very tricky and delicate operation of manoeuvring the bells from their cradle and lifting them down to safety. The bells were removed, renewed and placed on show at the Tramways Building for the public to view. Thousands of people visited the bells in a once in a lifetime opportunity to see them at close range, to marvel at their size and beauty and to read the inscriptions on each bell. This attraction served to bring a greater awareness of the Campanile, the bells and the Tramways itself.

### **Telkom Park**

The Telkom Park Precinct Plan, which was developed in the financial year, presents a unique Live, Work and Play development opportunity within an Eco-friendly sustainable development framework focused around a Green Lung of activity. This green lung provides a unique link to the Nelson Mandela Bay Beachfront via Happy Valley. The development seeks to create nodes and people centred spaces with a strong focus between Public and Green spaces through an architectural language that speaks to a great African City.

The Telkom Park Precinct will be a vibrant people orientated development where residents from different racial, social and religious backgrounds will live, work and play together. The unique green lung- which extends the full extent of the site- allows for unique adventure and eco-tourism activities while providing public access to all amenities as well as specialist retail and conference facilities which will be complimented by high density residential development and Gap housing opportunities. A new Village Centre could house retail, specialist shops and offices.

The ecologically sensitive green areas are anticipated to benefit from a new tourist and educational interpretive centre which will engender and encourage a positive attitude towards conservation and sustainable living. Architectural and development guidelines have been developed to set the physical built environment as a leading example for sustainable development and all aspects of place making have been considered to ensure a sense of ownership and belonging. Social redress is central to the thinking around the open green lung where all populations groups from the metro and beyond will have access to and through the development to the beachfront via Happy Valley.

### **General Development Guidelines**

The purpose envisaged for the guidelines is to ensure linkages to existing social fabric, the natural environment (Happy Valley and the “Green Space”) and infrastructure and to ensure that a Sustainable Community Concept is encouraged. These guidelines will have to specifically refer to “place making” and the “green lung” that runs through the development and will have to further take reference from the LSDF with regards to the built environment, the “green lung” and Happy Valley.

The guidelines will be informed by the case studies and basic graphics to explain concepts and principles. Safety and security within the proposed development will have to be integrated in the development of the guidelines.

The guidelines will have to refer to an implementation process (how the guidelines could be enforced) and must clearly spell out an approval process, where the MBDA would be involved in the approvals.

The guidelines will have to be specific to different development nodes (if applicable) – in terms of residential, commercial and retail.

### **iii. Conclusion**

The 2015/16 financial year was a rewarding one for the MBDA. Significant projects drew nearer to closure, while others were completed within scope and budget. The emerging tapestry of linked precincts has texture and can be tangibly experienced. This adds impetus and real value to projects still under development, as citizens and visitors can start to draw on the visible transformation of one node in order to better understand future developments and how they are linked. The inner city has a different face – and many of the completed nodes are now set to catalyse further public and private investment. While many inner city projects now move under the MBDA operations unit, the MBDA will continue to unlock potential in the precincts to connect capital expenditure with job creation and the development of the creative and cultural industries to bring these projects to life.

## **2. Planning and Development: Township Projects**

The township projects are envisioned to repeat the development possibilities and outcomes achieved in more economically advantaged areas, creating a continuity and unification between the inner city, urban centres and townships. In this way, Nelson Mandela Bay can continue its transformation towards becoming a cohesive, multi-cultural community, linked through representative urban renewal and art. This has been the core focus of both planning and development during the 2015/16 financial year; and it will likely become central to the MBDA's work going forward.

The MBDA hope to empower residents in more peripheral and marginalised communities by having more integrated development projects within these localities. In turn, the hope is that through urban renewal in these areas, the social dynamics and community cohesion might improve, leading to improved daily living conditions. Enhanced public participation processes attached to spatial transformation is also intimately linked to the most common challenges encountered by the MBDA *viz* raising awareness and expectations.

Township renewal initiatives have been identified as core to future development of the MBDA's mandate. Moving away from the past – where no clear methodology existed for selecting catalytic township development projects – the MBDA made a considered decision to select projects based on alignment with both its mandate and the NMBM IDP, in consultation with ward councillors and the responsible municipal directorates. This process is guided by Local Spatial Development Frameworks (LSDF) that identify development precincts and nodes.

### **Veeplaas Business Incubator**

Project will be completed at the end of September 2016. Project looks at housing Business Development Services ( SEDA etc ) , satellite post office ( this was a need identified by the community ) , Communication services (Internet café , Printing and copying service) , with the aim to create a interlinked communications and economic sustainable development for the community.

### **Veeplaas Carwash and Veeplaas Creative industries**

MBDA is awaiting approval from NMBM to lease out these facilities and thereafter MBDA will go out on an open tender process to attract local entrepreneurs to occupy and operationalise these spaces.

## Schauderville / Korsten

- Waste removal (cleansing) project, started in 2015 and ran for a period of 6 months. This was a quick win project, in support of the master plan and the needs identified in it.
- We have also developed the Schauderville / Korsten dialogue group to keep constant engagement with the community representatives on the progress regarding the MBDA projects and in support of combatting community social ills.
- Construction of the Neave Street Multipurpose and Recreational Park tender will close in September 2016. The park is also one of the needs identified in the overall Schauderville/ Korsten master plan.

### 3. Operations

#### Operations

In order to ensure that project interventions translate into sustainable products, the MBDA has maintained its growing focus on security, cleaning, regulation and management of informal trading, and the maintenance of its key projects. Essentially this has been done on the basis of an acceptance that the 'basics' must be in place in order to instil public confidence and encourage usage of the finished product. This 'getting the basics right' approach is a cornerstone of the MBDA's development agenda and a key element in ensuring project success. However, it has in some cases, resulted in the Agency assuming the parent municipality's role as provider of basic services.

Even with limited budgets and resources, the MBDA has managed to maintain its projects and assist in upholding the quality of services in its mandate areas, which include the CBD, township projects and tourism nodes. Although this is not the core work of the MBDA, we are resolute against urban decay and determined that completed projects must be maintained, cleaned and secured. This work is only likely to escalate in the coming financial years.

In addition to the above, the MBDA has embarked on introducing **Special Rating Areas "SRAs"** in a bid to continue promoting economic development in areas that have interest. The first SRA was established in Richmond Hill in 2014 based on international best practices of countries such as America and England. This SRA is doing very well in that it is returning Richmond Hill to its former glory i.e. properties are being improved, crime and grime is being rid of etc. This has resulted in other areas such as Central, Mount Croix, Walmer Heights and Walmer Link to start the process of establishing their own SRAs through the help of the MBDA.



In the 2015/16 financial year, great strides were made to proactively maintain current projects and to implement support mechanisms that both complement and supplement the work of the parent municipality. Much potential for emergent job creation is expected in the upcoming financial year through well researched projects that will create jobs and rid the identified mandate areas of *crime & grime*.

### **Conclusion**

The MBDA, with limited budgets and resources, has managed to maintain its projects and assist in upholding the quality of services in its mandate areas, which include CBDs and other key nodes such as township projects and tourism areas. Although this is not the core work of the MBDA, the agency has assumed an emergent responsibility to ensure that public pride and usage of the products developed takes place. The MBDA is resolute against urban decay and as such feels it necessary to maintain, clean and secure its projects. This work is only likely to escalate in the coming financial years. In the 2015/16 financial year, great strides were made to proactively maintain the current projects, and to implement support mechanisms that both complement and supplement the work of the parent municipality.

#### **4. Marketing and Communications**

The year 2015-2016 has been both an exciting and challenging year for brand Mandela Bay Development Agency. The first half of the year was dominated by the exciting move from rented offices to the newly built and redeveloped Tramways building. This City asset which was left decaying for many years got a new lease of life when the MBDA earmarked it as part of the Baakens Valley redevelopment. Marketing and Communications has been instrumental in positioning this move as strategic investments into a new economic node for the City. The latter part of the period unfortunately was dominated by a sustained period of negative publicity. The marketing and communications team, working with the rest of management implemented a reputation building campaign that resulted in a significant shift in sentiment, from negative to neutral and eventually positive.

Marketing and Communication in the MBDA's context has the responsibility to manage and promote a good image of the organisation, its projects and initiatives as well as market and activate development notes through promotions, events, advertising, public relations and stakeholder engagements. The marketing unit's secondary role is to act as a service support department, assisting and implementing activities for or on behalf of the various divisions or departments within the MBDA.

##### **Some of the marketing and communications activities include:**

- Developing a comprehensive Marketing and Communications strategy
- Researching, writing and production of agency literature
- Developing and maintaining the agency's online platforms
- Conceptualising and implementing promotional campaigns
- Developing innovative ways to promote developed precincts
- Supporting the promotion of arts development
- Initiating, supporting or hosting strategic events that support the agency mandate
- Developing tools to monitor and manage the communication environment
- Representing the MBDA at relevant intergovernmental and civil society engagements
- Supporting all relevant and strategic internal and external stakeholder initiatives
- Management of the MBDA's stakeholder relations strategy
- Leading and overseeing the annual economic impact assessment research project

##### **Marketing highlights**

- Development and launch of Route 67's website – [www.route67tours.co.za](http://www.route67tours.co.za)
- Promotion of Route 67 at The Getaway Tourism and exhibition show in Johannesburg
- Facilitating the launch of the NMB Chamber backed Project Nelson Mandela Bay
- Member of the Nelson Mandela Metropolitan Business School based Business Vision 2030
- Various advertising initiatives in major government and investment sector titles
- Hosting New Brighton School's debates on international Mandela Day



## **Section 04: Organisational Development Performance**

The MBDA measures its success in five central key performance areas (KPAs) which incorporate specific key performance indicators (KPIs) that track the agency's ability to meet pre-determined targets and deadlines.

The five main key performance areas are:

1. KPA 1: Basic Service Delivery and Infrastructure Development
2. KPA 2: Transformation and Organisational Development
3. KPA 3: Local Economic Development
4. KPA 4: Financial Viability and Management
5. KPA 5: Good Governance and Public Participation

A number of these areas have sub-indicators which include project-level outputs such as the Helenvale Urban Renewal Programme (HURP); service delivery integration; cleansing services (CBDs, Central and Uitenhage); facilitation of public capital projects; human resources transformation; job creation and Expanded Public Works Programme (EPWP); budgeting and financial accounting; risk management; and internal controls.

## Human resources

During the 2015/16 period, the staff complement grew, with five employees, coming on board. The MBDA's staff complement as at 30 June 2016 and as per employment equity principles is reflected below:

### RACE

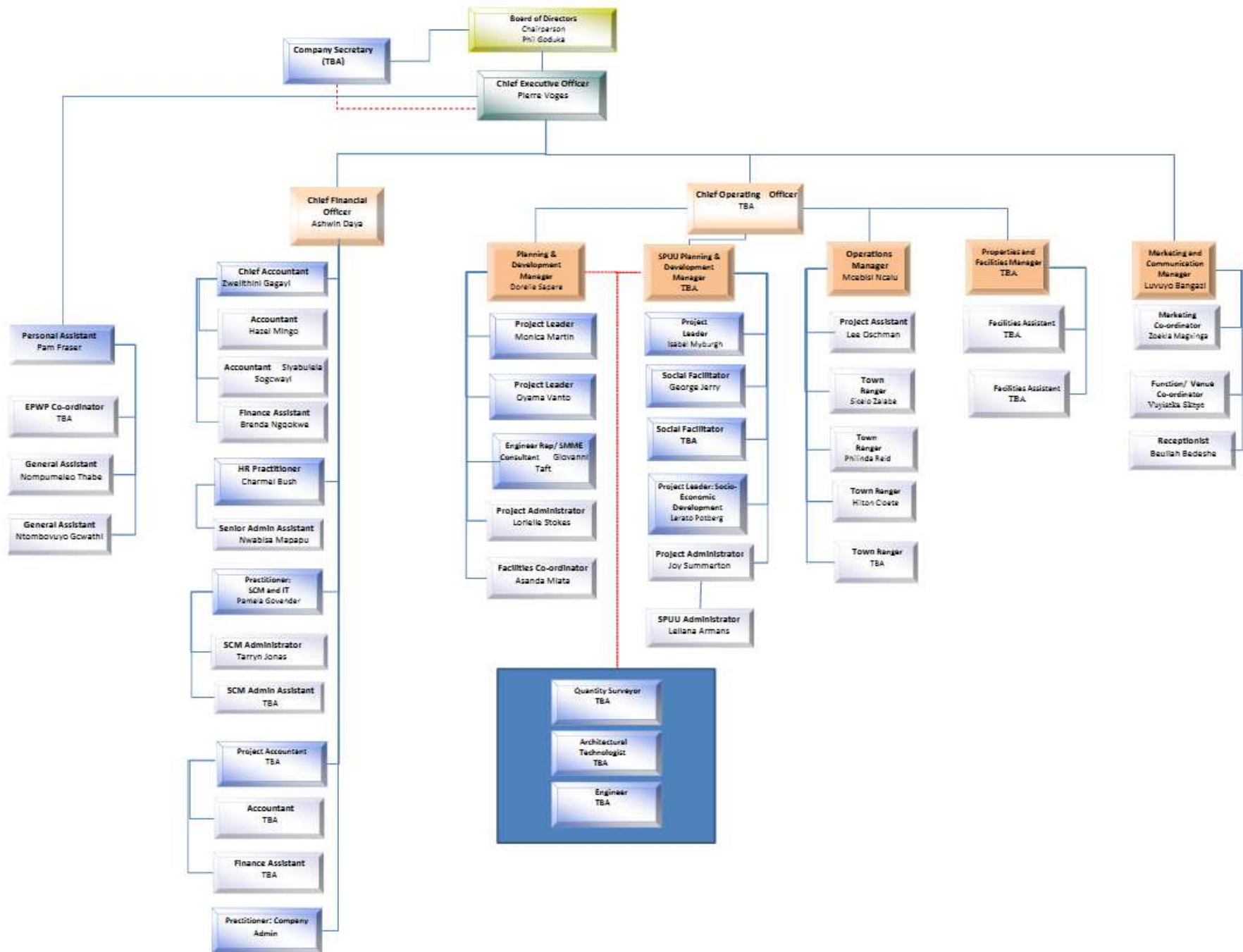
LEVEL	BLACK	WHITE	COLOURED	INDIAN	TOTAL
Senior Management		1		1	2
Professionally qualified and experienced specialists and mid-management	3	1	2		6
Skilled Technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	7	2	5	1	15
Semi-skilled and discretionary decision making	4	3			7
Unskilled and defined decision making	2				2
<b>TOTAL</b>	<b>16</b>	<b>7</b>	<b>7</b>	<b>2</b>	<b>32</b>

### GENDER

LEVEL	MALE	FEMALE	TOTAL
Senior Management	2		2
Professionally qualified and experienced specialists and mid-management	5	1	6
Skilled Technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	5	10	15
Semi-skilled and discretionary decision making	2	5	7
Unskilled and defined decision making		2	2
<b>TOTAL</b>	<b>14</b>	<b>18</b>	<b>32</b>

## **Organisational structure**

The MBDA staff organogram as at 30 June 2016 is reflected in the following diagram.



## **Section 05: Audit Report and Annual Financial Statements**

- 1. Report of the Auditor General**
- 2. Director's report**
- 3. Statement of financial position**
- 4. Statement of financial performance**
- 4. Statement of changes in net assets**
- 5. Statement of cash flows**
- 6. Notes to the Annual Financial Statements**